

Auditing Procedures Report

Issued under P.A. 2 of 1969, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other				Local Unit Name PETER WHITE PUBLIC LIBRARY		County MARQUETTE	
Fiscal Year End JUNE 30, 2007		Opinion Date DECEMBER 14, 2007		Date Audit Report Submitted to State DECEMBER 28, 2007			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>	NONE	
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) ANDERSON, TREKMAN & CO. P.C.			Telephone Number 906-225-1166	
Street Address 102 W. WASHINGTON ST.			City MARQUETTE	State MI
Zip 49855				
Authorizing CPA Signature John W. Blumberg CPA		Printed Name JOHN W. BLUMBERG		License Number 10180

**CITY OF MARQUETTE, MICHIGAN
PETER WHITE PUBLIC LIBRARY**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

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ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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WISCONSIN
GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees
of Peter White Public Library
Marquette, Michigan 49855

We have audited the accompanying financial statements of the governmental activities and each major fund of the Peter White Public Library, as of and for the year ended June 30, 2007, which collectively comprise the Peter White Public Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Peter White Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Peter White Public Library as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007 on our consideration of Peter White Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 27 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

To the Members of the Board of Trustees
of Peter White Public Library
Marquette, Michigan 49855

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Peter White Public Library's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Peter White Public Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLC
Certified Public Accountants

December 14, 2007

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Peter White Public Library's financial performance provides an overview of the Library's financial activities for the year ended June 30, 2007. Please read it in conjunction with the financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- Net assets for the Library as a whole were reported at \$3,825,281. Net assets are comprised of 100% governmental activities.
- During the year, the Library expenses were \$2,314,894, while revenues from all sources totaled \$2,106,166, resulting in a decrease in net assets of (\$208,728).
- The general fund reported a net change in fund balance of \$1,535. This is \$1,535 higher than the forecast of no change in fund balance. This was mainly a result of revenues being higher than forecasted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Library as a whole and present a longer-term view of the Library finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Library operations in more detail than the government-wide statements by providing information about the Library most significant funds.

Reporting the Library as a Whole

One of the most important questions asked about the Library's finances is "Is the Library as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Library as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Library's *net assets* and changes in them. You can think of the Library's net assets - the difference between assets and liabilities - as one way to measure the Library's financial health, or *financial position*. Over time, *increases or decreases* in the Library's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Library's patron base and the condition of the Library's capital assets, to assess the *overall financial health* of the Library.

In the Statement of Net Assets and the Statement of Activities, we report all of the Library's activities as governmental activities. Governmental activities include the Library's basic services such as cultural services and general administration. Property taxes and other local sources fund most of these activities.

Reporting the Library's Most Significant Funds

The fund financial statements begin on page 12 and provide detailed information on the most significant funds – not the Library as a whole. Some funds are required to be established by State law, and by bond covenants. However, the Library Board has established other funds to help it control and manage money for particular purposes. The Library's funds are all governmental type funds which use the following accounting methods.

- *Governmental Funds* – All of the Library's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Library's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.

The Library as a Whole

Table I provides a summary of the Library's net assets as of June 30, 2007.

Table 1 Net Assets			
		Governmental Activities	
		2007	2006
Current and other assets		\$2,415,548	\$2,510,417
Capital assets, net		6,032,734	6,521,646
	Total Assets	8,448,282	9,032,063
Current liabilities		1,619,021	1,545,744
Non-current liabilities		3,003,980	3,452,310
	Total Liabilities	4,623,001	4,998,054
Net Assets:			
Invested in capital assets, net of related debt		2,632,734	2,736,646
Restricted		852,421	1,002,807
Unrestricted		279,421	294,556
	Total Net Assets	\$3,825,281	\$4,034,009

Net assets of the Library's governmental activities stood at \$3,825,281. Unrestricted net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$279,421.

The \$279,421 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The results of this year's operations for the Library as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2007.

Table 2
Changes in Net Assets

		Governmental Activities	
		2007	2006
Revenues			
Program revenues:			
Charges for services		\$256,058	\$ 233,609
Operating grants and contributions		457,501	387,754
Capital grants and contributions		-	-
General revenues:			
Property taxes		1,052,105	1,042,399
Investment earnings		63,916	90,142
Miscellaneous		276,586	19,872
Total Revenues		2,106,166	1,773,776
Program Expenses:			
Recreation and cultures		2,011,628	1,869,295
Interest on long-term debt and related		303,266	206,025
Total Expenses		2,314,894	2,075,320
Increase (decrease) in net assets		(208,728)	(301,544)
Net assets, beginning		4,034,009	4,335,553
Net Assets, Ending		\$3,825,281	\$4,034,009

The Library's total revenues were \$2,106,166. The total cost of all programs and services was \$2,314,894, leaving a decrease in net assets of (\$208,728).

Table 3 presents the cost of the Library's largest activity – Recreation and Culture, as well as the program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that the program placed on the Library's operation.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
Recreation and Culture	\$ 2,011,628	\$1,298,069

THE LIBRARY'S FUNDS

As the Library completed the year, its governmental funds reported a combined fund balance of \$1,286,527, a decrease of (\$88,146) from the beginning of the year. The majority of this decrease was due to the payment of debt service requirements from accumulated resources instead of through new funding sources.

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

General Fund Budgetary Highlights

Fiscal year 2006/2007 reflects growth in income and library usage – both good trends. Revenues increased approximately 5% over fiscal year 2005/2006. Revenues were negatively affected by refunds of personal property taxes to local utilities of almost \$16,000.

Property and personal property tax revenues from the five surrounding townships served by the Peter White Public Library were up by 6% over the previous fiscal year.

Income from services was up approximately 3%. This increase was the result of a 109% increase in the number of passports accepted by the Peter White Public Library to process for the U.S. Department of State. The Peter White Public Library receives \$30.00 for each passport application. In 2005/2006, the Peter White Public Library staff accepted 311 passport applications. In fiscal year 2006/2007, the number was 649.

Penal fines collected by the Marquette County for civil infractions of Michigan law increased 17% from \$116,972 to \$137,031.

The Board of Trustees and administration have made a concentrated effort to diversify the Library's income stream. An ambitious plan to increase private support for the Peter White Public Library was successful. Fund raising in fiscal year 2005/2006 accounted for \$44,783 in revenues, while fiscal year 2006/2007 revenues increased by 76% to \$78,728.

Increased funding allowed the Peter White Public Library to realign staffing to provide two new positions and expand one position. A Deputy Director and Teen Services Specialist were added to the staff. The Technology Coordinator position was increased from a part-time position to full-time. These changes have improved library services. They also account for expenditures of wages and salaries of \$19,181 over budget. Retirement payments were increased to match wage increases. This expenditure exceeded the budget by \$3,312.

Library usage grew during fiscal year 2006/2007. Library attendance increased 2.6% while the number of items checked out increased by almost 1,000 items. 310,949 visitors were logged during the year, and 335,991 items were checked out. Computer use increased by 3.5%, and program attendance increased by 8.3%. Many libraries are experiencing a reduction in usage, but Peter White Public Library's usage statistics remain strong.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2007, the Library had \$6,032,734 invested in a variety of capital assets including land, buildings, and other equipment. (See table 4 below)

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 4
Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2007	2006
Land	\$114,704	\$114,704
Buildings and improvements	5,577,769	6,012,137
Equipment and furnishings	340,261	394,805
Totals	<u>\$6,032,734</u>	<u>\$6,521,646</u>

Debt

At year-end, the Library had \$3,400,000 in bonds outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2007	2006
1997 Library Improvement Bonds	\$220,000	\$3,315,000
1998 Building Authority Bonds	245,000	470,000
2006 Library Improvement Bonds	2,935,000	-
Totals	<u>\$3,400,000</u>	<u>\$3,785,000</u>

There were new additions to debt for this year and further details on long-term debt can be found in Note D.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Library's appointed officials consider many factors when setting the fiscal year 2007 budget. The Board of Trustees and staff of Peter White Public Library strive to provide quality library services to the area we serve. Fiscal year 2006/2007 presented a challenge due to refunds to local utilities for overpayment of personal property taxes. This was a one-time expenditure, and should not impact the fiscal year 2007/2008 budget. Unfortunately, rising utility costs will continue to increase operational costs. The cost for utilities and building operations continue to rise.

Another factor that impacts the Peter White Public Library's budget is the uncertainty of State Aid funding from the State of Michigan. State Aid payments are being reduced and delayed by the State in an effort to balance Michigan's budget. State Aid accounts for approximately 1.7% of the Library's budget, but reductions to State Aid are also affecting the Superiorland Library Cooperative. These cuts are reducing the valuable services we receive from the Cooperative and forcing Peter White Public Library to pay for services previously provided by Superiorland Library Cooperative.

Personnel costs continue to increase as a result of escalating health insurance premiums. Peter White Public Library is fortunate to participate in the City of Marquette's contract with Blue Cross Blue Shield of Michigan. This group purchasing allows Peter White Public Library to provide better benefits at the contract price than would be able to provide on our own. The Peter White Public Library/AFSCME Labor Agreement expires on June 30, 2008. Negotiations for a new contract may affect the fiscal year 2008/2009 budget.

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Board of Trustees has set a goal of increasing the budget for materials to 15% (the industry standard) of the operating budget. Despite best efforts, the materials budget for fiscal year 2006/2007 accounted for 8.63% in expenditures while the fiscal year 2007/2008 budget is set at 9.15%.

The Peter White Public Library anticipates a 6.9% increase in revenues over fiscal year 2006/2007. This increase is due to increased revenues from property taxes and fund raising. The fund raising goal for fiscal year 2007/2008 is \$107,000. This is an increase of 36% over the previous year's fund raising revenues of \$78,728.

The Peter White Public Library must also develop a plan to raise approximately \$250,000 to retire the 1998 City of Marquette Building Authority Bond. A decrease in interest income and unexpected costs for late-project change orders resulted in shortage of funding to pay off the bonds in May 2008. The Board will be conducting a mini-capital campaign to secure these funds.

CONTACTING THE LIBRARY FINANCIAL MANAGEMENT

This financial report is designated to provide our customers, investors and creditors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Library Director at Peter White Public Library, 217 North Front Street, Marquette, Michigan, 49855.

**City of Marquette, Michigan
Peter White Public Library**

STATEMENT OF NET ASSETS

June 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 43,920
Investments	1,256,851
Taxes receivable, net	<u>1,114,777</u>
TOTAL CURRENT ASSETS	<u>2,415,548</u>
Noncurrent assets:	
Land	114,704
Other capital assets	11,080,564
Accumulated depreciation	<u>(5,162,534)</u>
TOTAL NONCURRENT ASSETS	<u>6,032,734</u>
TOTAL ASSETS	<u>8,448,282</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	16,651
Unearned revenue	1,112,370
Bonds payable - due in one year	<u>490,000</u>
TOTAL CURRENT LIABILITIES	<u>1,619,021</u>
Noncurrent liabilities:	
Bonds payable - due in more than one year	2,910,000
Compensated absences	<u>93,980</u>
TOTAL NONCURRENT LIABILITIES	<u>3,003,980</u>
TOTAL LIABILITIES	<u>4,623,001</u>
NET ASSETS:	
Invested in capital assets, net of related debt	2,632,734
Restricted:	
Retirement of debt	60,705
Endowments	852,421
Unrestricted	<u>279,421</u>
TOTAL NET ASSETS	<u>\$ 3,825,281</u>

The accompanying notes are an integral part of these financial statements.

**City of Marquette, Michigan
Peter White Public Library**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Recreation and culture	\$ 2,011,628	\$ 256,058	\$ 457,501	\$ (1,298,069)
Interest on long-term debt and related	303,266	-	-	(303,266)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,314,894	\$ 256,058	\$ 457,501	(1,601,335)
General revenues:				
				1,052,105
				167,938
				172,564
			Total General Revenues	1,392,607
			Net change in net assets	(208,728)
			Net assets, beginning of year	4,034,009
			Net assets, end of year	\$ 3,825,281

The accompanying notes are an integral part of these financial statements.

**City of Marquette, Michigan
Peter White Public Library**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2007

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	1998 Building Authority Debt Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 209,373	\$ 25,518	\$ 14,838	\$ (205,809)	\$ 43,920
Investments	179,168	826,903	-	250,782	1,256,851
Taxes receivable, net	748,283	-	366,494	-	1,114,777
TOTAL ASSETS	<u>\$ 1,136,822</u>	<u>\$ 852,421</u>	<u>\$ 381,332</u>	<u>\$ 44,973</u>	<u>\$ 2,415,548</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 16,651	\$ -	\$ -	\$ -	\$ 16,651
Deferred revenue	748,770	-	365,600	-	1,112,370
TOTAL LIABILITIES	<u>763,421</u>	<u>-</u>	<u>365,600</u>	<u>-</u>	<u>1,129,021</u>
FUND BALANCE:					
Reserved for:					
Retirement of debt	-	-	15,732	44,973	60,705
Endowments	-	852,421	-	-	852,421
Unreserved, reported in:					
General Fund	373,401	-	-	-	373,401
TOTAL FUND BALANCE	<u>373,401</u>	<u>852,421</u>	<u>15,732</u>	<u>44,973</u>	<u>1,286,527</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,136,822</u>	<u>\$ 852,421</u>	<u>\$ 381,332</u>	<u>\$ 44,973</u>	<u>\$ 2,415,548</u>

The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan
Peter White Public Library

RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2007

Total Fund Balances for Governmental Funds		\$	1,286,527
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds

Cost of capital assets	11,195,268	
Accumulated depreciation	<u>(5,162,534)</u>	
		6,032,734

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds:

Bonds payable	(3,400,000)	
Compensated absences	<u>(93,980)</u>	
		(3,493,980)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

<u>\$</u>	<u>3,825,281</u>
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The accompanying notes are an integral part of these financial statements.

City of Marquette, Michigan
Peter White Public Library

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2007

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	1998 Building Authority Debt Fund	Total Governmental Funds
REVENUES:					
Property taxes	\$ 675,930	\$ -	\$ 376,175	\$ -	\$ 1,052,105
State sources	37,896	-	-	-	37,896
Local sources	331,883	-	-	-	331,883
Charges for services	52,395	-	-	-	52,395
Fines and forfeiture	177,790	-	-	-	177,790
Rentals	25,873	-	-	-	25,873
Contributions from private sources	57,496	-	-	30,226	87,722
Investment income	16,321	104,022	-	47,595	167,938
Other	17,157	-	155,407	-	172,564
TOTAL REVENUES	1,392,741	104,022	531,582	77,821	2,106,166
EXPENDITURES:					
Recreation and Culture:					
Personnel services	896,434	-	-	-	896,434
Supplies	80,261	-	-	-	80,261
Other services and charges	308,836	3,911	82,479	-	395,226
Capital outlay	134,125	-	-	-	134,125
Debt service					
Principal retirement	-	-	210,000	225,000	435,000
Interest and fiscal charges	-	-	226,972	22,679	249,651
TOTAL EXPENDITURES	1,419,656	3,911	519,451	247,679	2,190,697
NET REVENUES OVER EXPENDITURES	(26,915)	100,111	12,131	(169,858)	(84,531)
OTHER FINANCING SOURCE (USES)					
Transfers In	28,450	-	-	-	28,450
Transfers (Out)	-	(28,450)	-	-	(28,450)
Refunding Bonds	-	-	2,935,000	-	2,935,000
Premium on Bond Issuance	-	-	43,401	-	43,401
Payment to refunded bond escrow agent	-	-	(2,982,016)	-	(2,982,016)
TOTAL OTHER FINANCING SOURCES (USES)	28,450	(28,450)	(3,615)	-	(3,615)
NET CHANGE IN FUND BALANCE	1,535	71,661	8,516	(169,858)	(88,146)
Fund balance, beginning of year	371,866	780,760	7,216	214,831	1,374,673
FUND BALANCE, END OF YEAR	\$ 373,401	\$ 852,421	\$ 15,732	\$ 44,973	\$ 1,286,527

The accompanying notes are an integral part of these financial statements.

**City of Marquette, Michigan
Peter White Public Library**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	(88,146)
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*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$	-	
Depreciation expense		<u>(488,912)</u>	
			(488,912)

Issuance of bond principal is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net assets.		(2,935,000)
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Repayment of bond principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets.

Existing debt		435,000
Defeased debt		2,885,000

Some expenses such as accrued sick and vacation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(16,670)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

	\$	<u>(208,728)</u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF MARQUETTE, MICHIGAN
PETER WHITE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Peter White Public Library (the “Library”) conform to accounting principles generally accepted in the United States of America applicable to local governmental units as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies.

(A) DESCRIPTION

The Library is a discretely presented component unit of the City of Marquette and was created under Local Acts of 1891, Section No. 254. The Library’s governing body consists of five trustees appointed by the City of Marquette’s Mayor with the confirmation of the City Commission.

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Library’s basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library’s major funds). The government-wide financial statements (i.e. the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual funds are reported as separate columns in the fund financial statements.

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FUND FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Library receives the cash.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first. Unrestricted resources are used as they are needed.

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Library reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

Carroll Paul Memorial Trust Fund – The Carroll Paul Memorial Trust fund is a special revenue fund of the Library. It is used to account for the trust arrangement that supports the musical programs of the Library.

1997 Library Improvement Debt Service Fund and 1998 Building Authority Debt Service Fund – The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Property Taxes

City of Marquette property taxes attach as an enforceable lien on property as of January 1. Taxes are levied no later than the third Monday in May and payable on July 1. Taxes receivable are recorded when levied, as the legal right to receive exists. However, such revenues are not normally received until after the 60 day period following the fiscal year-end. Accordingly, deferred revenue is being recognized for such amounts.

Capital Assets

Capital assets, which include property, plant and equipment, are reported within the governmental activities in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements. Accumulated depreciation is reported on the government-wide statement of net assets. The straight-line depreciation method is applied over the estimated useful life of capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	25-40 years
Equipment and furnishings	5-15 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Liabilities

In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net assets. In the governmental funds financial statements, long-term debt is not reported as liabilities. The debt proceeds are reported as other financing sources and the payment of principal and interest is reported as expenditures. The Library's debt consists primarily of bonds that are the general obligation of the Library and is backed by the City of Marquette's full faith and credit.

Budgets and Budgetary Accounting

The City of Marquette follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On the third Monday in April, the City Manager submits to the City Commission a proposed operating budget, approved by the Library's Board of Trustees for the ensuing fiscal year commencing July 1 in accordance with Section 8.2 of the City Charter. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to its adoption, a public hearing is conducted at City Hall to obtain taxpayer comments.
3. Not later than the first Monday in May, the budget is adopted by the City Commission in accordance with the provisions of Section 8.6 of the City Charter.
4. The City Commission adopts the budget by functional categories as presented in the Combined Statements. Any transfers of appropriations between functions must be approved by the City Commission. All unexpended appropriations lapse at year end.
5. Formal budgetary integration is employed as a management control device for the General fund, all Special Revenue Funds, Debt Service Funds and Capital Projects Funds. Informational budget summaries only are adopted for the Enterprise and Internal Service Funds. Such funds are not covered under the State of Michigan's Public Act 621 nor the City of Marquette's General Appropriations Act.
6. The City Commission has the authority to amend the budget when it becomes apparent that deviations in the original budget will occur and the amount of the deviation can be determined. Once originally adopted, the budget was formally amended during the fiscal year.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

7. The legally adopted budgets for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds and the informational summaries for the Enterprise and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Interfund Activity

The effect of interfund activity has been eliminated from the government-wide statements. In the fund financial statements, transfers represent flows of assets between funds without equivalent flows of assets in return or a requirement for repayment. To the extent that certain transactions between funds had not been paid or received as of fiscal year end, balances of interfund accounts receivable or payable have been recorded in the fund financial statements.

Cash Equivalents

For purposes of balance sheet classification, the Library considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE B – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of June 30, 2007, the Library's cash and cash equivalents and investments were reported in the Government-wide Statement of Net Assets as follows:

Cash and equivalents	\$43,920
Investments	<u>1,256,851</u>
	<u>\$1,300,771</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. State law does not require and the Library does not have a deposit policy for custodial credit risk. As of June 30, 2007, the carrying amount of the Library's deposits with financial institutions was \$43,920 and the bank balance was \$43,920. The bank balance is insured by the FDIC or uncollateralized with securities held by the Library in its name to the extent of the City of Marquette's pooled cash categorization.

Investments

As of June 30, 2007, the Library had the following investments.

Investment Type	Fair Value	Investment Maturities (In years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Agencies	\$369,320	\$349,370	\$19,950	\$ -	\$ -
Mutual Bond Funds	462,267	421,598	40,669	-	-
Mutual Equity Funds	425,264	425,264	-	-	-
	<u>\$1,256,851</u>	<u>\$846,862</u>	<u>\$60,619</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Library's investments. The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE B – DEPOSITS AND INVESTMENTS (Continued):*Credit Risk*

Michigan statutes authorize the Library to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Library has no investment policy that would further limit its investment choices. The Library's investments in Mutual Bond Funds are rated A3 to AAA by Moody's and the remaining investments are not subject to ratings. The Library's investments are in accordance with statutory authority.

Concentration of Credit Risk

The Library places no limit on the amount the Library may invest in any one issuer. There were no investments subject to the concentration of credit risk disclosure.

NOTE C– CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2007 is as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Capital assets not being depreciated:				
Land	\$114,704	\$ -	\$ -	\$114,704
Capital assets being depreciated:				
Buildings	60,092	-	-	60,092
Building improvements	8,788,004	-	-	8,788,004
Furniture and equipment	<u>2,232,468</u>	<u>-</u>	<u>-</u>	<u>2,232,468</u>
Total Capital Assets	<u>11,195,268</u>	<u>-</u>	<u>-</u>	<u>11,195,268</u>
Less accumulated depreciation:				
Buildings	13,121	1,202	-	14,323
Building improvements	2,822,838	433,166	-	3,256,004
Furniture and equipment	<u>1,837,663</u>	<u>54,544</u>	<u>-</u>	<u>1,892,207</u>
Total Accumulated Depreciation	<u>4,673,622</u>	<u>488,912</u>	<u>-</u>	<u>5,162,534</u>
Capital Assets, net	<u>\$6,521,646</u>	<u>\$488,912</u>	<u>\$ -</u>	<u>\$6,032,734</u>

Total depreciation expense of \$488,912 was included in the Recreation & Culture program governmental activities.

NOTE D – LONG-TERM DEBT:

Changes in long-term debt during the year ended June 30, 2007 are summarized as follows:

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
1997 General Obligation Bonds- Library Improvement	\$3,315,000	\$ -	\$3,095,000	\$220,000
1998 Building Authority Bonds- Library	470,000	-	225,000	245,000
2006 General Obligation Bonds- Library Improvement	-	2,935,000	-	2,935,000
Accrued Compensated Absences	77,310	16,670	-	93,980
TOTAL LONG-TERM DEBT	\$3,862,310	\$2,951,670	\$3,320,000	\$3,493,980

On December 27, 1997, the City of Marquette, Michigan, issued \$4,500,000 General Obligation Unlimited Tax Library Improvement Bonds for the purpose of defraying a portion of the cost of expanding and renovating the Peter White Public Library located in the City of Marquette. The bonds were issued pursuant to the provisions of Act 227, Public Acts of Michigan, 1985, as amended. The full faith and credit of the City of Marquette are pledged for the payment of the principal and of the interest on the bonds when due. There shall be levied upon all taxable property in the City an amount such that the estimated collections there from will be sufficient to pay the principal and interest on the bonds while outstanding.

On June 16, 1998, the City of Marquette Building Authority, issued \$2,000,000 Building Authority Bonds (Peter White Public Library) Series 1998 for the purpose of defraying the cost of renovating, constructing, furnishing and equipping improvements to the existing Peter White Public Library. The bonds were issued pursuant to the provisions of Act 31 of P.A. 1948, as amended. The bond's principal and interest are payable from lease payments required to be paid by the Library to the Building Authority pursuant to the Contract of Lease between the City and the Authority. When all of the Building Authority Bonds have been retired the Authority shall convey all rights, title, and interest to the Library.

On October 3, 2006, the City issued \$2,935,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2006 with an interest rate of 4.0% to advance refund \$2,885,000 of outstanding General Obligation Unlimited Tax Library Improvement Bonds, Series 1997 maturing in fiscal years 2009 through 2018. The 2006 Issue net proceeds of \$2,896,462 (after payment of \$81,939 in underwriting fees, insurance, and other issuance costs plus an additional \$43,401 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 1997 General Obligation Unlimited Tax Library Improvement Bonds. As a result, the 1997 General Obligation Unlimited Tax Library Improvement Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. On June 30, 2007, \$220,000 remains outstanding on the 1997 General Obligation Unlimited Tax Library Improvement Bonds as this amount was not included in the bonds refunding.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$50,000. This difference has been charged to operations as a component of interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$106,085.

The detail of the annual principal and interest requirements through maturity for all bonded debt outstanding as of June 30, 2007 are as follows:

NOTE D – LONG-TERM DEBT (Continued):

Maturities	1997 G.O. Bonds Library Improvement		1998 Building Authority Bonds - Library		2006 G.O. Bonds Library Improvement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending June 30								
2008	\$ 220,000	\$ 5,060	\$ 245,000	\$ 11,148	\$ 25,000	\$ 116,900	\$ 490,000	\$ 133,108
2009	-	-	-	-	245,000	111,500	245,000	111,500
2010	-	-	-	-	250,000	101,600	250,000	101,600
2011	-	-	-	-	260,000	91,400	260,000	91,400
2012-2016	-	-	-	-	1,480,000	287,400	1,480,000	287,400
2017-2019	-	-	-	-	675,000	27,300	675,000	27,300
	<u>\$ 220,000</u>	<u>\$ 5,060</u>	<u>\$ 245,000</u>	<u>\$ 11,148</u>	<u>\$ 2,935,000</u>	<u>\$ 736,100</u>	<u>\$ 3,400,000</u>	<u>\$ 752,308</u>

NOTE E – UNEARNED REVENUES:

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Library has reported unearned revenue of \$1,112,370, which relates to its portion of the City of Marquette's 2007 tax levy.

NOTE F – DEFINED BENEFIT PENSION PLAN:***Plan Description***

Through the City of Marquette, the Library contributes to the Michigan Municipal Employees Retirement System (System), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for all Michigan municipal employees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917-9755.

All full-time employees of the Library are eligible to participate in the System. Benefits vest after six years for senior management and after ten years for all others. City employees who retire at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, annual benefits are determined by negotiated contractual benefits within statute guidelines. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

Active employees with 10 or more years of service, who become disabled, receive an amount equal to the same as would be received under the normal retirement requirements, except that the reduction for retirement before age 60 is not applied. If the disability is from service connected causes, the amount of retirement allowance shall be computed as if the member had acquired exactly 10 years of credited service, if the actually acquired service is less than 10 years.

If an active employee dies, the beneficiary receives a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election. An employee's surviving spouse will receive a retirement allowance equal to 85% of the deceased member's or deceased vested former member's accrued retirement allowance computed in the same manner as a service retirement allowance, based on service and final average compensation at time of death.

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued):***Funding Policy***

City employees are required to contribute five percent of their annual compensation to the System. The City pays the contribution for senior management. The City is required to contribute the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

Annual Pension Cost

Funding information is not available for the Library as a separate unit. Therefore, the information given is the total of the City of Marquette and the Library. For the year ended June 30, 2007, the City's annual pension cost of \$700,844 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry age normal cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8%, (b) projected salary increases of 4.5% a year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year and ten year trend information is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Valuation Date December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	2002	\$545,201	100%	0
2006	2003	625,812	100%	0
2007	2004	700,844	100%	0

City of Marquette, Michigan
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date December 31</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
1997	\$13,630,932	\$15,461,563	\$1,830,631	88%	\$4,800,223	38%
1998	15,257,550	16,216,678	959,128	94	5,031,270	19
1999	16,969,765	17,430,314	460,549	97	4,909,541	9
2000	18,722,203	20,136,439	1,414,236	93	4,803,572	29
2001	20,056,537	23,113,321	3,056,784	87	5,039,800	61
2002	20,799,934	24,588,188	3,788,254	85	5,227,706	72
2003	22,629,322	25,997,838	3,368,516	87	5,393,986	65
2004	24,187,555	28,468,133	4,280,578	85	5,426,755	81
2005	25,645,477	33,158,414	7,512,937	77	5,435,528	159
2006	26,951,096	36,475,540	9,524,444	74	5,264,612	183

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued):**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Valuation Date</u> <u>December 31</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
1998	1995	\$153,696	100.0%	0
1999	1996	295,912	100.0%	0
2000	1997	424,066	100.0%	0
2001	1998	381,485	100.0%	0
2002	1999	399,053	100.0%	0
2003	2000	456,453	100.0%	0
2004	2001	521,245	100.0%	0
2005	2002	545,201	100.0%	0
2006	2003	625,812	100.0%	0
2007	2004	700,844	100.0%	0

NOTES TO THE REQUIRED SCHEDULES

The required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 0.00% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

NOTE G –BUDGETARY NONCOMPLIANCE:

Expenses of expenditure over appropriations in the individual governmental funds are as follows:

Personnel Services	<u>\$23,135</u>
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Required Supplemental Information

**City of Marquette, Michigan
Peter White Public Library**

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 678,100	\$ 675,964	\$ 675,930	\$ (34)
State sources	35,000	37,896	37,896	-
Local sources	325,000	331,000	331,883	883
Charges for services	41,000	52,300	52,395	95
Fines and forfeiture	148,000	170,000	177,790	7,790
Rentals	32,000	28,000	25,873	(2,127)
Contributions from private sources	90,350	57,000	57,496	496
Investment income	16,000	16,000	16,321	321
Other	6,550	17,159	17,157	(2)
TOTAL REVENUES	1,372,000	1,385,319	1,392,741	7,422
EXPENDITURES:				
Recreation and Culture:				
Personnel services	875,500	873,299	896,434	(23,135)
Supplies	75,750	82,200	80,261	1,939
Other services and charges	300,700	311,000	308,836	2,164
Capital outlay	148,050	147,320	134,125	13,195
TOTAL EXPENDITURES	1,400,000	1,413,819	1,419,656	(5,837)
NET REVENUES OVER EXPENDITURES	(28,000)	(28,500)	(26,915)	1,585
OTHER FINANCING SOURCES (USES)				
Transfers In	28,000	28,500	28,450	(50)
TOTAL OTHER FINANCING SOURCES (USES)	28,000	28,500	28,450	(50)
NET CHANGE IN FUND BALANCE	-	-	1,535	1,535
Fund balance, beginning of year	371,866	371,866	371,866	-
FUND BALANCE, END OF YEAR	\$ 371,866	\$ 371,866	\$ 373,401	\$ 1,535

**City of Marquette, Michigan
Peter White Public Library**

CARROLL PAUL MEMORIAL TRUST FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 28,875	\$ 28,875	\$ 104,022	\$ 75,147
TOTAL REVENUES	<u>28,875</u>	<u>28,875</u>	<u>104,022</u>	<u>75,147</u>
EXPENDITURES:				
Recreation and Culture:				
Musical supplies and services	28,875	28,875	-	28,875
Other services and charges	-	-	3,911	(3,911)
TOTAL EXPENDITURES	<u>28,875</u>	<u>28,875</u>	<u>3,911</u>	<u>24,964</u>
NET REVENUES OVER EXPENDITURES	-	-	100,111	100,111
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(28,450)	(28,450)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(28,450)</u>	<u>(28,450)</u>
NET CHANGES IN FUND BALANCE	-	-	71,661	71,661
Fund balance, beginning of year	780,760	780,760	780,760	-
FUND BALANCE, END OF YEAR	<u>\$ 780,760</u>	<u>\$ 780,760</u>	<u>\$ 852,421</u>	<u>\$ 100,111</u>

Other Supplemental Information

**City of Marquette, Michigan
Peter White Public Library**

1997 LIBRARY IMPROVEMENT DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 375,475	\$ 375,475	\$ 376,175	\$ 700
Other	144,000	144,000	155,407	11,407
TOTAL REVENUES	519,475	519,475	531,582	12,107
EXPENDITURES:				
Debt Service:				
Principal	210,000	210,000	210,000	-
Interest and fiscal charges	226,975	226,975	226,972	3
Other services and charges	82,500	82,500	82,479	21
TOTAL EXPENDITURES	519,475	519,475	519,451	24
NET REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING (USES)	-	-	12,131	12,083
OTHER FINANCING (USES)				
Issuance of debt	-	-	2,935,000	(2,935,000)
Premium on bond issuance	-	-	43,401	(43,401)
Extinguishment of debt	-	-	(2,982,016)	2,982,016
TOTAL OTHER FINANCING (USES)	-	-	(3,615)	3,615
NET CHANGES IN FUND BALANCE	-	-	8,516	15,698
Fund balance, beginning of year	7,216	7,216	7,216	-
FUND BALANCE, END OF YEAR	\$ 7,216	\$ 7,216	\$ 15,732	\$ 15,698

**City of Marquette, Michigan
Peter White Public Library**

1998 BUILDING AUTHORITY DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
REVENUES:				
Private sources	\$ -	\$ -	\$ 30,226	\$ 30,226
Investment income	15,000	15,000	47,595	32,595
TOTAL REVENUES	<u>15,000</u>	<u>15,000</u>	<u>77,821</u>	<u>62,821</u>
EXPENDITURES:				
Debt Service:				
Principal	225,000	225,000	225,000	-
Interest and fiscal charges	22,680	22,680	22,679	1
TOTAL EXPENDITURES	<u>247,680</u>	<u>247,680</u>	<u>247,679</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	<u>(232,680)</u>	<u>(232,680)</u>	<u>(169,858)</u>	<u>62,822</u>
Fund balance, beginning of year	<u>214,831</u>	<u>214,831</u>	<u>214,831</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (17,849)</u>	<u>\$ (17,849)</u>	<u>\$ 44,973</u>	<u>\$ 62,822</u>

COMPLIANCE SUPPLEMENT



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Board of Trustees
of Peter White Public Library
Marquette, Michigan 49855

We have audited the financial statements of the governmental activities and each major fund of the Peter White Public Library as of and for the year ended June 30, 2007, which collectively comprise the Peter White Public Library's basic financial statements, and have issued our report thereon dated December 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Peter White Public Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Peter White Public Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Peter White Public Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Peter White Public Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Peter White Public Library's financial statements that is more than inconsequential will not be prevented or detected by the Peter White Public Library's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Peter White Public Library's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Members of the Board of Trustees
of Peter White Public Library
Marquette, Michigan 49855

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peter White Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as enumerated in Footnote G of the financial statements.

This report is intended solely for the information and use of management, others within the organization, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

December 14, 2007